Central Bank Dealers Range

Tuesday, May 27, 2014 7:53 PM

- This central bank dealer's range video is related specifically to Currencies in Forex.
- This is one of the heaviest hitters in ICT's arsenal.
- This is **NOT** to be traded every single day.
- Monday's and Friday's are the least symmetrical in terms of price action. ICT has mainly been limiting his trading to Tuesday - Thursday.
- On Friday's you should only trade London or maybe early New York, but should not be **looking** to trade on this day.
- This video is about how the central bank dealers look for the liquidity and how they plan to manipulate it.
- Are you doing what smart money would be doing or are you doing what retail traders would be doing?
- Do not trade with a retail mindset.
- Smart money refuses to chase price.. they anticipate price.
- You only need 1 of these per week.
- A professional traders mindset is not trading very often and still doing very well. Only cashing in on the really good reward/risk setups. Infrequent trading with the highest probable setups.
- When we study price action, we want to look for the most probable direction in terms of least resistance.

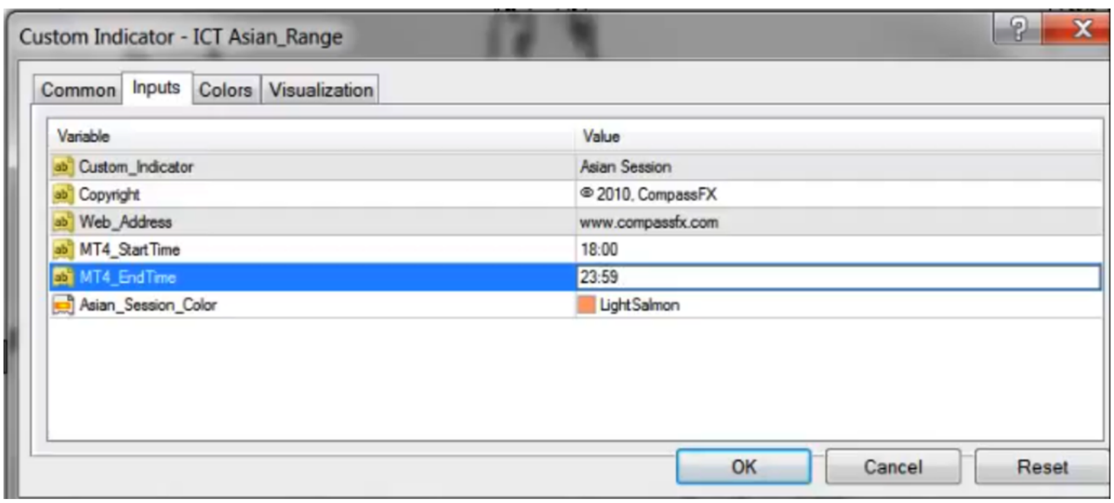


- Most of the Monday's on this chart are examples of bad trading days because on bullish days price doesn't go down after opening and then closing at the other end of the range. On bearish days price doesn't poke up at the beginning of the day and then drop down to the opposite side of the range to close. You can tell which days are Monday's because they are after the small Sunday bars.
- You want the range on the day to be in the expansion phase so that you can get the maximum amount of pips.
- Below are pictures of good bullish days where you could have made a lot of pips.



- The London session typically makes the high or low of the day. It generally happens between 7:00 - 9:00 GMT.
- London Close, which is anywhere between 15:00 - 16:00 GMT on average, but it can go as late as 17:00 - 18:00 GMT if it is event driven by the news or interest rates or something like that will usually post the other high or low of the day.
- There is about a 70% chance that the high or low for the weekly range is formed on Tuesday's London open. Sometimes the Wednesday will make the high or low, but normally it is Tuesday or Monday right out of the gate (if it's in a fast marketplace).
- If we think price is going to go lower for the day how do we know where to get in **ABOVE** the opening price? You anticipate that it is going to trade up before dropping and going lower for the rest of the day. The question is how much higher is it going to go above the opening price?





- Below is the central bankers dealing range from 18:00 - 23:59 GMT (not to be confused with the Asian Range which is 0:00 - 5:00 GMT).



- The central banks are the ones that are in charge of price.
- The image below is 1 standard deviation away from the CDR:



- The banks and dealers are looking at what they have in float during this time frame. If we are bearish we can expect price to go up 1, 2, or even 3 standard deviations before going down. We want to sell the rallies up.



- 3 standard deviations is the maximum that price will go up before dropping down on a down day.
- 5:00 GMT is viewed as the beginning of a new day. This is immediately after the Asian range.
- Anything above that price is what we are looking for when it comes to smart money entries.
- You are looking for price to go above what it is at 5:00 GMT.
- Combining the ICT reflection pattern with the concept that price will rally before dropping for the day:



- We are also working with the following range on the H1 chart. OTE is converging with the Judas Swing, standard deviations, and reflection pattern:



- To add to all the current convergences, the image below shows that it is also occurring during the London open kill zone to blend time & price theory. You can use pivot points as well to look for even more confluences.
- When we are in sync with the higher time frame premise, the ADR is just one factor and we shouldn't let it narrow our focus:


GBPUSD,M5 1.6784 1.6786 1.6783 1.6784
ADR 45
R3:
MR3:
R2:
MR2:
R1:
today
MS1:
ADR Start
S1:
MS2:
S2:
MS3:
S3:
ADR High: 1.6884
ADR Low: 1.6839
Sweet Spot :: OTE :: 1.6885
62% :: OTE ::
50.0
0.0
1.6885
1.6880
1.6875
1.6870
1.6865
1.6860
1.6855
1.6850
1.6845
1.6840
1.6835
1.6830
1.6825
1.6820
1.6815
1.6810
1.6805
1.6800
1.6795
1.6790
1.6784
1.6780
1.6775
Michael J. Huddleston
TheInnerCircleTrader.com